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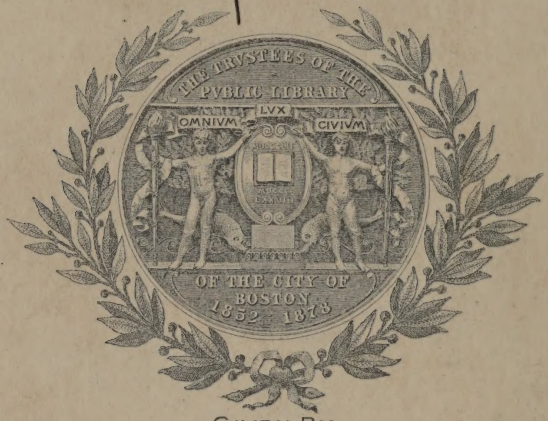

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Boston Chamber of Commerce

ADDRESS

TO

THE BOSTON CHAMBER OF COMMERCE

BY

HOWARD ELLIOTT,
Chief Executive Officer
of
THE NEW YORK NEW HAVEN AND HARTFORD
and
NEW ENGLAND
TRANSPORTATION LINES.

COPLEY PLAZA HOTEL,
BOSTON
September 30, 1913.

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CITY OF BOSTON

Mr. Toastmaster, and Members of the Chamber of Commerce of Boston:

I appreciate very deeply the compliment that you have paid to me by inviting me to be your guest this evening, and by permitting me to say a few words to a body of men who represent much that is wise, patriotic and progressive in New England. I hope that it will be my privilege and pleasure before another year passes to know more of you personally than I do now, and to understand the business situation here and throughout New England better than I do now.

Work of Chambers of Commerce

Chambers of Commerce can and do have a great effect in advancing the welfare of the whole country, and in promoting a sound public opinion about the great questions of the day. So far as I can, I hope to work cordially with such organizations here and in the other good cities and towns of New England.

What is Transportation?

On August 9, 1913, there was reprinted in The Outlook *"A Little Catechism on Money"*. One of the questions asked is *"What are the things which are exchanged in modern commerce?"* The answer given is

> *"Those essential things which are bought and sold, as we say, in modern commerce are food, water, clothing, shelter from inclemency of weather and climate, human intelligence or skill and human strength or labor"*.

The writer of the catechism failed to mention one very vital element in modern commerce, namely, transportation, unless he included it under the general terms *"Human intelligence or skill and human strength or labor"*, all of which are needed of the best quality in order to produce the high grade transportation that in these modern days is so necessary to the health and prosperity of all, and that is so vitally necessary here in New England.

Professor James Mark Baldwin, in his book The Individual and Society, says, "*Business has to do with the production of and distribution of valuable things—money, utensils—anything for which there is a demand in society, on which society or some individuals of it set value*", and again, "*To produce such things in response to the demand and to distribute them to those from whom the demand comes is the undertaking of business.*"

The transportation, or the distribution of the numerous products of New England and of her food and fuel is a most important business, not only in itself but in its relations to all other forms of business and to society generally. Some of my friends in New England, New York and Philadelphia have asked me to come back to the East and to help in the development of this great transportation business, and I am very glad to come, although I realize that I am taking up a heavy load and trying to solve a difficult problem.

Conditions in West and New England

My experience for thirty-three years has been west of the Mississippi River where some of the conditions are very different from those in New England, but where some are much the same. At points in the West there are complicated and congested terminals—Chicago—St. Louis—Kansas City—Omaha—Denver—St. Paul—Minneapolis—Duluth and Superior—Spokane—Portland—Tacoma and Seattle. In places the trackage is insufficient for the number of trains moving over it. There are branch lines that cannot earn enough to pay expenses, to say nothing of taxes and a return on their value. There is complaint and discussion in communities about facilities, rates and service. All of these conditions exist in New England.

Growth of Country and New England

The growth that has come and is coming to that great area west of the Mississippi River will have a reflex action and a great effect on New England, and there are certain facts that are most interesting. Minnesota, where I

have lived for the past ten years, is a beautiful state with many natural resources. It is large enough to include within its boundaries all of the New England States; in that State the last census reports 2,075,000 people as compared with 6,550,000 in the New England States.

The beautiful States of Idaho, Washington and Oregon, only just beginning their majestic development, have an area of 250,000 square miles and less than 3,000,000 people. Austria-Hungary has 261,000 square miles and nearly 50,000,000 people. Minnesota, Idaho, Washington and Oregon are as capable of supporting, in due time, as dense a population as New England, and New England can support as dense a population as Austria-Hungary.

What does this mean? It means that the West must and will grow, but it also means that New England must and will grow. A virile, prosperous and happy people in the Mississippi Valley and between there and the Pacific Coast means an increasing purchasing power for those things that New England makes, and an increasing demand upon her intellectual and financial capacity. With the growth of New England every agency that is connected with and necessary to that growth must grow too. It means an increasing number of her sons and daughters to return each year to her schools and colleges, and to enjoy her beautiful sea-coast, lovely valleys and picturesque hill and mountain country.

Reasons for Coming Home

When I decided to come back to my old home in New England some of my friends said, Why leave this great and growing West for a country that is developed and finished? I told them that in my judgment there was going to be just as much growth and development in New England in the next twenty-five years as anywhere else, and there will be if the intellectual and financial ability of the men in New England can co-operate unselfishly with that end in view. I told them that I had a great love for New England, and that, strong as was my feeling for the West, the idea of spending

the last years of my life here, where my relatives and life-long friends are, and where my children are going to school and college, appealed very strongly to me.

Capital Needed for Improvements

There is an old saying that reads: *"Man's work lasts till set of sun; woman's work is never done."* This is true about the railroad. Its work is never done. Men may think they have provided sufficient transportation facilities for years to come, but the growth of the country is so great that things that looked far too big a few years ago are far too small now. For every dollar of gross earnings produced by the railroad there is a value in the plant used of nearly $6.00 upon which owners are entitled to a fair return. For every increase of $1.00 in gross earnings which reflects the increase in general business in the country there must be provided by someone more than $6.00 of new capital for increased and improved facilities.

For New England to grow as she will in common with the rest of the country she must have a comprehensive, adequate and safe system of transportation. The new capital needed in this section for each increase of $1.00 of gross earnings will be greater than the average in the United States because of more perfect and luxurious service demanded.

Large Amounts for Safety

As indicating the large sums needed by the railroads in the United States it is estimated that nearly $700,000,000 will be required to replace wooden cars with steel; to equip the railroads with suitable signals will cost nearly $300,000,000; or nearly $1,000,000,000 for these two moves in the direction of safety; and in addition a great amount of money should be spent for better track, bridges, stations, grade separation, etc.

Importance of Work

To have a safe, adequate and smooth running transportation machine in New England is just as important to her future growth as to have adequate banking facilities, adequate

commercial organizations, and a sensible, sane and honest public opinion that will be reflected in a government that will not be swayed by the whims, prejudice or fads of the moment. To perfect that transportation machine, to keep it ready to serve, to operate it safely and economically and in harmony with the public, is a very interesting and complicated problem, worthy of the best intellectual effort of any man. To solve it right will require much patience, work and money from those both in and out of the railroad service, and the problem appealed to me very much when some of my friends paid me the very high compliment of asking me to come here and help. I have a deep feeling of duty and of pride in my profession in responding to the call to help make the transportation situation here more satisfactory, and so I have come here to devote the best that is in me to this great service.

C. B. & Q. Mr. Forbes Mr. Perkins

It was my good fortune to work for twenty-three years on the Chicago, Burlington & Quincy, first pushed out into the West by one of the pioneer railroad men of the world and one of that fine type of men of whom New England has produced so many—John Murray Forbes. And then later on that road was further developed to a very high degree by another very fine type of New England man who had one of the ablest intellects in this country, and who devoted forty years of his life to the work—Charles Elliott Perkins. He realized to a very remarkable degree the fact that, in the long run, the railroad that is selling transportation, and the people who are buying transportation must consider the interests of each other and work together. He also realized that character, high purpose, scrupulous honesty, not only as to money, but as to statement and point of view, were absolutely essential to the real welfare of the country and of the railroads that were trying to serve it. Yet with all this he was tenacious and able in safeguarding the rights of the owners who had risked their money in building railroads, and he pointed out on many

occasions the fact, stated by Professor Baldwin, that the distribution of products or things was business just as much as the production of things was business. Some of the difficulties and inadequacies of the transportation machine of the United States to-day are the result of drifting away too far from the idea that transportation is business, which, in the long run, must be governed by the same great human and natural laws that affect all human affairs.

Management by Owners In saying this I do not wish to be understood as meaning that there should not be supervision and regulation of the great public service corporations, and that changing conditions do not make necessary changes in method and in law. But I do say that care should be taken not to have that supervision and regulation go so far that it practically takes the real power of management away from those who have invested their money in the business. So long as they have their money invested, so long as they are responsible for the financial results, so long as they give adequate, reasonable and safe service at rates that will permit of gross earnings sufficient to pay expenses, taxes, interest on debts, take care of depreciation and obsolescence and pay a reasonable return to the owners, they must have the right to decide many important questions, particularly those relating to the details of service, the organization of the staff, and the rules and regulations under which the staff and employes must work to produce the greatest efficiency and safety.

Public Opinion and Safety A public opinion that will impress officers and men with the fact that reasonable rules and regulations in the interest of safeguarding human life and of efficient operation must be made and obeyed, and that swift punishment will be meted out to all, whether directors, officers, or employes, whether members of labor unions or not, who fail to respond to that public opinion, is of vital importance to the welfare of all. Sentiment of this kind and less insistent demand for high

speed will do more to insure safety than steel cars and automatic signals.

Mr. Hill and the Northwest

And then, after twenty-three years of service on that great C. B. & Q., and a close association with Mr. Perkins during a large part of that time, I was equally fortunate in working under and with another most remarkable man who has made a lasting impression, not only on the Northwest, but on the whole country—James Jerome Hill. Mr. Hill has a peculiar faculty of being able to look into the future, of gauging the growth of the country, and of foreseeing how business will develop. He was the leader in promoting the idea that seems very simple, but was too long neglected and even now is neglected, namely, that the efficient use of the railroad and the elimination of waste in operating the railroad are absolutely necessary if, in a country as large as the United States and as populous and prosperous as it is and will be, food, clothing and shelter are to be provided at a minimum investment of capital and at a minimum charge to the public.

Value of Experience

Here in New England, as much as in any part of the country, the teachings and inspirations of these two great masters of the art of transportation are of vital importance. Here are the most complicated relations between the railroads and those that they are trying to serve. Here is the greatest necessity for the elimination of all waste and lost motion. Here, because of the extreme difficulty, both financial and physical, of improving and adding to the capacity of that machine the most efficient use of the transportation machine is absolutely essential. Any man who has been fortunate enough to receive the benefit of training under and with these two men has had an experience of priceless value to him in doing his daily work.

Regulation and Ownership

During the last five years I have tried throughout the West to present the railroad side of the transportation question. Some have criticized me and said my motive was purely selfish and that all I was after was increased earnings for the railroads. These critics did not look quite far enough. It is true I had that point in mind, as any honest trustee for other people's property should have. But I also had in mind a much broader question, namely, that the country can not attain its best growth unless the people can be made to see that adequate and safe transportation is absolutely necessary, and that it can not be obtained through private ownership unless, under honest management, enough money is earned to pay approximately the same return to the investor as is received by investors in other classes of business in the same territory; and in addition lay up a fund to provide for bad times—when earnings are poor. If we are to continue to have privately owned railroads supervised and regulated by governmental authority, and if we are to avoid ownership by the government, the owners and users of the railroads must all work together. Personally, I do not believe in governmental ownership in a country like the United States where our political methods are still in need of improvement.

The policy of the Government—National and State—during the last twenty-five years seems to have been to decide rate questions in the great majority of cases in such a way that rates were rarely advanced and generally were reduced;—and to introduce rules, regulations and methods that increased expenses. I am not contending at this time that this policy was and is wrong—or that control and restraint by Governmental authorities should cease—although something could be said about that great question. I do, however, want to make a plea that coupled with restraint and control there should be protection to the owners of the securities. The Commissions—both State and National—naturally feel the great pressure of the millions of users of the railroads for reduced rates and increased

facilities. But if the rates continue to decline, or even remain on the present level, and if expenses are increased by higher wages and cost of materials, and by the introduction of different appliances and facilities more rapidly than the roads can obtain money, then there is but one result for some of the railroads of the United States—and that is bankruptcy. This will naturally be preceded by a desperate effort on the part of the management to postpone that evil day as long as possible by stopping every improvement and betterment that can be stopped. I believe the Commissioners—who have such great powers—realize their responsibility to the owners of the properties as well as to the users, and I hope earnestly that they will give practical evidence of their realization by permitting some advances in rates.

Should the Commissions—Federal and State—make a positive declaration that rates may be advanced so as to permit the properties to meet all of their obligations, pay a fair return to stockholders and leave a balance for improvements, they will do much for the entire country and particularly for New England. Such a declaration will at once inspire confidence and give to existing securities a better standing than they now have both here and in Europe; and will help to market new securities upon an interest basis more favorable than is now possible, because of the uneasiness in the minds of investors about the future net earnings of the railroads.

Magnitude of Transportation Machine

Let us look for a minute at a few facts about the great transportation machine made up of the New Haven and New England Lines and associated properties. There are 7,976 miles of railroad and 14,175 miles of track. Of the track 29% is in Massachusetts; 20% in Connecticut; 14% in Maine; 13% in New York; 12% in New Hampshire; 6% in Rhode Island; 4% in Vermont; and 2% elsewhere. (See Table A)

There are 3,197 locomotives, 8,088 passenger train

cars, 79,522 freight train cars, and 3,541 work cars. These units of rolling stock, which aggregate more than 94,000, if coupled together, would occupy about 750 miles of track, or make an unbroken train which would stretch from Vanceboro, on the Canadian border in Maine, through Portland, Boston and New York to and beyond Philadelphia. Then there is the marine equipment of 240 steamers, tugs, barges, etc.

But this rolling stock is not standing still. Each year the locomotives run about 80,000,000 miles; the passenger train cars move 220,000,000 miles; and the freight cars move 624,000,000 miles. The total mileage of these units of equipment is 2,500,000 miles per day, or more than 100,000 miles every hour.

Service Rendered

These impressive figures are even more impressive when used as an index of service in carrying passengers and freight. Each year the New England Lines and associated properties, including the steamboats and electric lines, carry 252,000,000 passengers, a number which is more than double the entire population of North America. Expressed in other terms, the New England Lines hourly transport 30,000 people.

The figures for the volume of freight business indicate an immensity of transactions which few appreciate. Every year 78,000,000 tons of freight are carried—9,000 tons every hour. The complexity of the problem, however, is not indicated by the tonnage alone. In connection with its movement 13,600,000 way-bills are issued. Each way-bill, however, usually covers several items, and it is estimated that the number of freight transactions in a year is 44,000,000, 141,000 for each working day, or nearly 5,875 for every hour of the day. Is it to be wondered at that some shipments go astray or that some freight is damaged?

The unusual character of the railroad business of New England is apparent when the returns for the New Haven road are compared with those for the entire United States. Considering all the railroads of the country as one system,

two tons of freight are transported to every passenger. On the New Haven road alone, the ratio of freight to passenger business is reversed. That road transports only one-third of a ton to one passenger. The passenger density of the New Haven road is more than six times as great as that on all the railroads of the country considered as a system. These figures show the marked preponderance of passenger business in New England. Through the Boston South Station alone 105,000 people pass daily. The passengers passing through that one station each week equal the total population of Boston.

To have this great transportation machine work smoothly with the fewest points of obstruction and interruption—the least amount of friction, and with the greatest harmony among all its constituent parts means, in the long run, the furnishing of the best transportation service to the people of New England.

Revenues Payrolls and Taxes

The operating revenues of all of the properties were for the last fiscal year in round numbers $155,000,000. The operating expenses were $112,000,000. Of operating expenses approximately $66,000,000 or 59% was paid in wages; an average payment to each employee of about $700.00 a year. The remaining 41% or $46,000,000 was paid for fuel, supplies, etc., but a large part of it goes indirectly to labor engaged in the production of the materials purchased. This large pay roll is an important factor to the communities served by the properties, as much of the money finds its way each month to merchants and others.

The total taxes paid by these properties was $7,640,000, a very substantial contribution to the funds for carrying on the government.

Stockholders

But the people of New England have other interests in their railroads. Not only is the railroad service a vital part of the social organization,

but its earning power as well affects a large and widely distributed number of investors. The number of security holders of the New Haven and New England Lines and associated properties is estimated at 60,000. The great majority of them live in New England. Of the stock of the New Haven road 36% is held in Massachusetts, and the stockholders in Massachusetts constitute 48% of the total. Connecticut holds 19% of the shares; New York 32%; and Rhode Island 3%. Of the remaining 10% many shares are held by residents of New Hampshire, Vermont and Maine. Of Boston and Maine stock 88% is held in Massachusetts by 66% of the stockholders; and only 3% of the shares is held outside of Massachusetts, New Hampshire and Maine. (See Table B)

It is commonly believed that railroad stocks are concentrated in the hands of a few. That this is not true of the New Haven and Boston & Maine will be apparent when it is known that 43% of the New Haven stockholders own only from one to ten shares each, and 38% own from 11 to 50 shares each. With Boston & Maine stock the proportion of investors holding a small number of shares is even more striking. Those who have from one to ten shares comprise 60% of the total shareholders; those holding from 11 to 50 shares make up 31%; leaving only 9% with holdings which exceed 50 shares each. Of the New Haven stock 44% is held by women and 15% by trustees and guardians. Of Boston & Maine stock 49% is held by women and 14% by trustees and guardians. (See Table B.)

Employees and Investors

To maintain and operate this great transportation machine requires the services of from 90,000 to 100,000 men (92,792 on last payroll). These employes and these investors are drawn from all walks of life. They are human beings with hopes and aspirations and joys and sorrows. The livelihood of employes necessarily depends upon the return from their labor and this in turn depends upon the prosperity of New England and the railroads of New England.

In a smaller degree the comfort and well being of many investors depend upon the return from their investment, and this also depends upon the prosperity of New England and of her railroads. These investors and these employes, with their families, on the basis of four to one, make 640,000 people, or nearly one-tenth of the population of New England. Should not their rights, comforts and feelings be considered carefully in the current tempestuous discussion in regard to the New England railroads?

Directors and Their Powers

The stockholders of the three important New England railroads—the New Haven, the Boston & Maine and the Maine Central, have selected forty-eight men to act as their Directors. (See Table C) Of these, three sit on all three boards and eight sit on two boards. Of the forty-eight Directors, forty-two live in New England, four in New York and two in Philadelphia. Those who are also Directors of the so-called Trunk Lines outside of New England are five in number.

These directors are interested in the welfare of the roads they represent, and of the country that those roads are trying to serve. They exercise the final powers of management, and can approve or disapprove the action of the officers, and can direct them. They cannot know all details and they must rely largely on the reports and recommendations of the officers on whom rests the first responsibility of careful investigation of the problems of management. They demand that the officers give their undivided time and attention to the railroad business, and to working harmoniously with the patrons of the roads, the employes and the public authorities.

The report of the Interstate Commerce Commission about the New England railroad situation was submitted by Mr. Prouty on June 20, 1913. Since then the directors have been engaged very busily in discussing the large question of a new management and of some financing that is imperative. The important suggestions in that report will

be taken up and considered very carefully and some conclusion reached as rapidly as practicable. The very grave importance of the suggestions and recommendations and the source from which they come mean that they cannot be decided hurriedly and without very thorough study. Already some steps have been taken so as to have closer supervision of the details of the operations of the properties. Three men have been selected to fill the important position of President on the Boston & Maine and Maine Central, on the New Haven, and on the New York, Ontario & Western. One large operating division on the New Haven road, formerly under one Superintendent, now has a General Superintendent and two Division Superintendents. Other steps of this character will be taken if careful study of the situation shows that they are necessary for efficiency and safety.

Need of Officers and Men

It is difficult to obtain the material things needed for the upbuilding of a railroad, but it is even more difficult to get men. No more important work faces the management than to create a staff of officers that can carry on this great work and have it so organized that when for any reason one man retires there is another to take his place. Equally important is the work of encouraging the great army of employes and of inspiring them with a feeling of loyalty to New England and to the railroad, and of making safe the conditions under which they work. Every effort will be made to build up a complete staff of officers and men from those now in the service and in New England, men who know the local conditions, and who will respond loyally to suggestions for the closest, most efficient and economical operation. These two pieces of work are even more important to the travelling and shipping public than to the owners, because the daily work of the railroad must be done, or people will starve, or freeze, and business stop. This daily work cannot be done right if officers and men are harassed and worried.

Fair Treatment

Let me ask you in all seriousness, if service with the New England railroads has been attractive enough in the last few years to draw into it men who have any choice in selecting their life work. Will not better results be obtained if more consideration is given to officers and men in the service—men who are as good as those in other walks of life, and the large majority of whom are most anxious to do their duty? Is it not in the interest of New England to treat her servants in the railroad service so that the best talent in the country will want to serve? Mr. McDonald, his staff and employes are trying to accomplish results on the Boston & Maine and Maine Central; Mr. Hustis, his staff and employes will try to do the same on the New Haven road; Mr. Campbell is helping both in trying to adjust a complicated rate or price list so as to earn enough to give the prompt and regular service that all want. Mr. Kerr and his men are doing the same for the Ontario and Western. Other officers and men are doing their best with other properties. I shall work with and through these men and try to have their knowledge and experience, as well as my own, used to the very best advantage for honest, economical management, and for efficient and safe operation.

Standard of Conduct

All of us are animated with a high purpose to do our full duty, and we have no desire for self aggrandizement and self glorification. Our reward will come, if, in time, this complicated machine can be adjusted so that it will run smoothly, without friction, pay a fair return to the owners and become so much a part of the daily life of the public that no more attention is paid to it than is paid now to drawing water from a faucet or turning on an electric light.

Will we not advance the interests of New England, and the peace, prosperity and contentment of her people if we are careful to be temperate and accurate in our statements and criticisms of others, and if we try to follow the principle the patient Lincoln laid down when he said:

"I do the best I know—the very best I can; and I mean to keep right on doing so until the end. If the end brings me out all right, what is said against me won't amount to anything; if the end brings me out wrong, ten angels swearing I was right would make no difference."

Faith in Future I have faith in the future of New England and in the good sense and judgment of her people in arriving at the right conclusions when they understand and appreciate the real facts. I have hope that a better understanding of the railroad side of the problem will be brought home to the people, so that they can see the difficulties which directors, officers and employes in the railroad service are trying to overcome, and that the people will realize the sincere spirit which animates these men to do the best they can with a difficult situation.

Mutual Confidence Man-fashion, we must take the situation as it is and carry the burden as well as we can. We must be thankful for the good things of the past, and try so to improve the situation that those who come after us will be thankful for some good work and not too uncharitable about the mistakes that will undoubtedly be made. We will try, however, not to make the same mistakes twice. It does not seem as if any positive beneficial results can be obtained by a lack of confidence and by continuous wrangling. If the people of New England cannot trust their railroad management, and if the railroad management cannot trust the people of New England, a situation is created that is unfortunate now and more unfortunate for the future and for our children and grandchildren, because so much needs to be done in the developing and upbuilding of the New England States. I believe we can all trust one another, and I for my part, will do all that I can, and see that the officers and employes of the various railroads do all they can to bring about that condition. Intelligent and wholesome criticism is asked for and expected, and such criticism is a spur to the man-

agement to be faithful to their trust and careful in their work.

Differences of Opinion There will always be differences of opinion between those that you represent, buyers and users of transportation, and those that I represent, manufacturers and sellers of transportation, because buyers and sellers in the nature of things will not always agree about the price and the quality of the article or service furnished. In such cases I hope we can discuss the differences calmly, without prejudice, and without any disturbance to the transportation machine which is so delicately adjusted, and without any demoralization among officers and employes, because any disturbance of this transportation machine reacts in many directions. I hope that if we should be unable to agree among ourselves, we can arbitrate the matter in an orderly way before those tribunals and courts which have been created for such purposes.

Complaints about Rates Important complaints about the railroad generally arise from: (1) A desire of one person or community to have better rates or better relation of rates than have some other person or community. These complaints are very difficult to handle, because the railroad must consider all persons and all communities, and is sometimes blamed unjustly for not doing something that one person or one community wants, when if it did so act it would do an injustice and invite other and more serious complaints from other persons and communities.

Complaints about Facilities (2) A desire of persons or communities for improved physical facilities, better cars, better stations, more and better trains, grade separations, etc. These complaints can be adjusted only by expenditures of very large sums of money, which, of course, can be obtained only by earning it or by borrowing it. Borrowing cannot continue indefinitely unless the rates

received for service are sufficient to pay all proper expenses—taxes, interest, and a sufficient margin to permit some improvements to be made each year out of earnings and some return to the owners of the securities. It is, therefore, to the interest of everyone to realize that while he, or the community in which he lives, would like to have his or its particular rate reduced, or its particular facility improved, nevertheless, in the interest of New England as a whole, the general rate situation should permit earnings sufficient to meet the payments above described.

Theodore Roosevelt's Position

It is no disparagement of Theodore Roosevelt to say that for a part of his official life he seemed to be opposed to railroads and railroad methods as he understood them, and yet in one of his messages to Congress he used these words:

> *"It must not be forgotten that your railways are the arteries through which the commercial life blood of the Nation flows. Nothing could be more foolish than the enactment of legislation which would unnecessarily interfere with the development and operation of these commercial agencies."*

Recently, as a keen observer and student of public opinion, he seems to realize, as do many others, that there is danger that the people have gone too far in reducing the power of the railroads to make net earnings. He wrote a forceful article published in The Outlook of July 5, 1913, entitled *"The Living Wage and The Living Rate"*. Two paragraphs in that article are pertinent to the New England railroad situation. The first is:

> *"But it must be a cardinal principle in dealing with honestly built and wisely managed railroads that the investor—the shareholder—is just as much entitled to protection as is the wage worker, the shipper or the representatives of the general public.*

Unless the investor finds that he is to get a fair return on his money, he will not invest, and in such case not only will no new railways be built but existing railways will not be able to repair the waste, the wear and tear, to which they are subject, and will not be able to make needed improvements. All governmental action, whether by the legislature or the executive, should be conditioned upon keeping in view this fact."

And again, referring to the advance in rates requested by some of the Eastern lines:

"In the concrete case before us it is for the Commission to determine with strict justice to all parties how the relative and often conflicting demands of the shareholders, the wage workers, the shippers and the general public can properly be met. I am not discussing—I have not the knowledge which would warrant my discussing—whether the rates should be raised. If the facts do not warrant a raise, then the raise should not be permitted; but if justice and the interest of our people as a whole demand a raise in rates, then that raise in rates should unhesitatingly be authorized."

Financial Advice In managing a railroad, just as in any other business, different kinds of talent and ability must be employed to safeguard the business—engineering talent, operating talent, commercial talent, and financial talent. In a very large business the best talent should be employed and the going prices for such talent must be paid. The management of the New England Lines wants to use the best financial talent it can find to help it in raising the money needed. It wishes to employ those bankers, no matter where they live, who can do the work. It would prefer to employ bankers in New York and Boston who naturally want to help the development of the country and of the roads. The management of the properties will

be more than pleased if New England bankers, banks and investors will furnish their full share of the money needed now and in the future, and will assist in obtaining that money in the markets of the world.

If a business is stagnant and dying of dry rot no new money will be needed and there will be no need of the help of the experienced banker or financial agent; but if the business is to grow, especially if it is a public service business, which must respond to the demands of the public for good service, new money over and above what can be obtained from earnings is needed at frequent intervals and in very large amounts.

The greater the amounts needed the greater the need of expert advice and financial aid of the very best quality, because by training and experience bankers know where and how money can be obtained. With proper aid from bankers the officers of the company will not have their attention too much diverted from the work of careful management, safe and efficient operation, and good service to the public.

The United States Government, State Governments and Municipalities all turn at times to the banker for his aid in placing their securities in the hands of small investors all over the country.

Money Needed Arrangements must be made between now and June 1, 1914, to pay off or renew obligations on the New Haven Road of $46,023,750. and on the Boston & Maine and Maine Central of $29,000,000. and new money should be obtained for use in the next 18 months to buy equipment and make needed improvements: at least $25,000,000. for the New Haven and $15,000,000. for the Boston & Maine. The total of these requirements is $115,000,000.00—and the best financial ability is needed to handle the matter, whether in New England, Boston, New York, Philadelphia, London, Paris, Berlin, or in all of these places.

Already with the aid of bankers in Boston and New

York arrangements have been completed for obtaining $67,552,400. for the New Haven road. The money is ready and will be paid over to the Company in time to meet its obligations if the Public Service Commission gives the necessary authority to the Company to issue securities for that amount.

New England can and will have the kind of railroad management and service to which she is entitled. Payment for this can be made in three ways:

(1) By some increase in rates.

(2) By the stockholders, who live in the country to be served, advancing the money.

(3) By borrowing the money needed, wherever it can be obtained. Probably a combination of all three plans is necessary at this time of crisis in the New England railroad situation. All are interested in helping to uphold the credit of New England roads so that money can always be obtained on the best terms.

If and when the money needed is furnished the management proposes to spend it prudently in improving and perfecting properties now owned. The management proposes to confine its activities to the transportation business.

Development of New England

The complete development of New England's varied resources has not been accomplished. The day is not far distant when to a greater extent than ever before the unused water power will supply the energy to turn the wheels of factories now here and those which will come with cheaper power and adequate transportation.

New England's farms must be re-peopled, and a change is going on even now. Progressive farmers and immigrants from Europe, are teaching a lesson which should be heeded—namely, that agriculture and horticulture in New England can be revived and pursued with profit. In addition to this more animals fit for food should be produced. Modern scientific methods, together with hard work, patience and intelligence, should produce a greater

proportion of the food which New England annually consumes.

More and more is this region becoming the summer playground for North America.

The more factories and industries, the greater agricultural development, the larger influx of visitors, all will mean more prosperity for New England, and for her railroads.

Port of Boston

Boston and New England have a just pride in the harbor facilities here, and every reasonable step should be taken to build up this port and to help the movement of business via this port. The growth of the country back of the port is the best guarantee for the success of the port. With the completion of the Panama Canal there will be a physical opportunity for vessels to clear from Boston direct to the Orient and to the Pacific Coast. Should capital be found that is willing to invest in steamer lines sailing between this port and other parts of the country and of the world there will be no effort made by this management to discourage such investment. On the contrary, any movement that will help to market the products of New England, that will place them in greater quantities in the hands of the ultimate consumer will receive support.

The Past
The Present
The Future

As a boy in Cambridge, it was my good fortune, with three other small boys, to spend one afternoon a week with the Rev. Samuel Longfellow. He read to us, told us stories, and now and then took us to see his brother, whose writings are so full of humanity and good sense. The epigram Longfellow emphasizes in "Hyperion" is applicable to the present industrial and railroad situation in New England:

> *"Look not mournfully into the past, it comes not back again; wisely improve the present. It is thine. Go forth to meet the shadowy future without fear, and with a manly heart."*

New England has had a glorious past and has had a wonderful influence in the development of the whole United States. She has great influence and power to-day. Her loyal, public-spirited sons have always taken their full share of the work in solving the problems of the country. Her own industrial and transportation problems will be solved, and all obstacles will be overcome if all will work loyally together for a greater New England, if all will exercise some of the self-denial and patriotism that Robert Gould Shaw displayed when he marched away to his death at the head of his troops to serve his country first and his family and himself second. Let us all work for the best development of all New England first, and not be swayed too much by the local or selfish interest of one community. The highest development and conservation of the resources of New England—country, town and city—especially the country, will, in the long run, mean the best development for the particular community in which any individual may be interested.

Action Not Words

I appreciate very deeply the cordial reception given me by the people and the press of New England, and their kindly expressions and sentiment. Such friendly feeling between the people and the representatives of the railroad is most important and desirable, and will help to solve some of the problems. I hope most earnestly that the management of the railroad can act so as to deserve your approval in the future. I realize full well, however, that we must act as well as talk, in order to produce results. There is an old saying—*"Fine words butter no parsnips"*, and we of the railroad will bear that in mind and be careful about making promises, and even more careful about carrying them out.

That picturesque poet of the Sierras—Joaquin Miller—wrote a stirring poem about Columbus, his courage and steadfast purpose, and the discouragement of his men who complained and wanted him to turn back.

"Behind him lay the gray Azores,
Behind the Gates of Hercules;
Before him not the ghost of shores,
Before him only shoreless seas.
The good mate said: 'Now must we pray,
For lo! the very stars are gone,
Brave Admiral, speak, what shall I say?'
'Why, say, sail on! sail on! and on!'

"Then, pale and worn, he kept his deck,
And peered through darkness. Ah, that night
Of all dark nights! And then a speck—
A light! a light! a light! a light!
It grew, a starlit flag unfurled!
It grew to be Time's burst of dawn.
He gained a world; he gave that world
Its grandest lesson, 'On, sail on!' "

And so in New England there is no good reason for doubt, and discouragement, but every reason to be steadfast, courageous, and to *"Sail on! and on! and on!"* and put New England in even a higher place than she occupies to-day morally, physically, agriculturally, intellectually, commercially, industrially and financially.

TABLE A.

Distribution of Road and Track Mileage

New York, New Haven & Hartford, Boston & Maine, Maine Central and Allied Properties

September—1913

States	Road Mileage Miles	Road Mileage Per Cent.	Track Mileage Miles	Track Mileage Per Cent.
Maine	1,346.73	16 8	1,923.75	13.6
New Hampshire	1,174.22	14.7	1,697,45	12.0
Vermont	403.29	5.1	537.98	3.8
Massachusetts	1,882.82	23.6	4,144.90	29.3
Rhode Island	491.67	6.2	838.98	5.9
Connecticut	1,549.96	19.4	2,808.89	19.8
New York	925.04	11.6	1,863.41	13.1
Pennsylvania	53.66	.7	139.56	1.0
New Jersey	53.07	.7	106.14	.7
Quebec	90.59	1.1	109.42	.8
New Brunswick	5.10	.1	5.10	——
Total	7,976.15	100.0	14,175.58	100.0

TABLE B.

Classification of Outstanding Capital Stock

New York New Haven & Hartford Railroad Company as of July 1, 1913.

	Number of Shares.	Per Cent.	Number of Shareholders	Per Cent.
Massachusetts ..	571,009	36.29	11,481	47.90
Connecticut	306,766	19.54	5,682	23.70
New York	495,602	31.56	3,510	14.65
Rhode Island ..	47,606	3.05	735	3.07
Elsewhere	150,196	9.56	2,560	10.68
Total	1,571,179	100.00	23,968	100.00

Boston & Maine Railroad Company as of July 1, 1912

Massachusetts ..	375,691	88.1	5,372	66.2
New Hampshire.	17,543	4.1	1,446	17.8
Maine	19,158	4.5	622	7.6
Elsewhere	14,156	3.3	682	8.4
Total	426,548	100.0	8,122	100.0

TABLE B. (continued)

DISTRIBUTION OF SHARES.

Number of Shares	N. Y., N. H. & H.	Per cent	B. & M.	Per cent
1 to 10 shares, inclusive	10,222	42.6	4,895	60.2
11 to 50 do	8,987	37.6	2,531	31.2
51 to 100 do	2,383	9.9	403	5.0
101 to 500 do	2,012	8.4	264	3.2
501 to 1,000 do	217	.9	15	.2
1,001 and over	147	.6	14	.2
	23,968	100.0	8,122	100.0

DISTRIBUTION OF SHAREHOLDERS.

Stockholders	N.Y.N.H.& H.RR.Co. Number	Per cent.	Boston & Maine. Number	Per cent.
Males	9,008	37.9	2,742	33.8
Females	10,474	43.5	3,941	48.6
Trusts and Guardianships	3,702	15.4	1,116	13.6
Insurance Companies and other corporations	784	3.2	323	4.0
Total	23,968	100.0	8,122	100.0

TABLE C.

DIRECTORS OF THE NEW YORK, NEW HAVEN & HARTFORD, BOSTON AND MAINE AND MAINE CENTRAL RAILROADS.

SEPTEMBER 30, 1913

Railroad	Residents of New England	Residents of New York	Residents of Phildelphia	Total
New York, New Haven & Hartford Railroad.	21	4	2	27
Boston & Maine Railroad.....	18			18
Maine Central Railroad.....	16		1	17
Total.....	55	4	3	62

Number of directors serving on boards of the three Companies.....	3
Number of directors serving on boards of two of the three Companies.....	8
Number of directors serving on board of one of the three Companies.....	37
Total number of directors.....	48

RESIDENTIAL DISTRIBUTION OF DIRECTORS.

Massachusetts	12
Connecticut	15
Maine	9
New Hampshire.....	5
Rhode Island.....	1
New York.....	4
Pennsylvania.....	2
Total.....	48